

# MAJOR U.S. SMALL BUSINESS ADMINISTRATION LOAN PROGRAMS

Visit [www.sba.gov/category/navigation-structure/loans-grants](http://www.sba.gov/category/navigation-structure/loans-grants) for more information on SBA's loan programs

FINANCE PROGRAMS	<u>7(a) LOAN PROGRAM</u>	<u>SBA Express and EXPORT EXPRESS</u>	<u>CERTIFIED DEVELOPMENT COMPANY LOANS (504)</u>
WHO CAN APPLY	For profit businesses that qualify as small under SBA size standards and cannot borrow on reasonable terms from conventional lenders without SBA help.	Temporary Size Standard for all SBA loan programs: Maximum tangible net worth of \$15 million and maximum average net income after Federal income taxes over the preceding two completed fiscal years of \$5 million.  You must be an exporter or plan to use the funds for exporting to qualify for the Export Express program.	
PURPOSE	Fixed assets, working capital or to finance start-ups or the purchase of an existing business; some debt payment allowed.	Same as regular 7(a) Business Loans, but with more limited same bank debt refinancing. Lines of Credit are offered.	Fixed assets with limited related debt refinancing - no working capital. SBA takes a lien position behind that of the private sector lender.
SBA GUARANTY	85% on loans up to \$150,000 75% on loans over \$150,000	50% SBAExpress Export Express – same as 7(a).	SBA guarantees 100% of the debenture amount which generally ranges from 30-40% of the project.
MAXIMUM LOAN AMOUNT	<b>\$5,000,000</b>	<b>\$350,000</b> <b>\$500,000 for Export Express</b>	Maximum CDC/504 participation in a single project is <b>\$5 Million</b> , and \$5.5 million for manufacturers & certain energy projects; The minimum debenture amount is \$25,000. There are no limits on the project size.
MATURITY	Working capital or inventory loan terms should be appropriate to the borrower's ability to repay but not more than 10 years. Terms may be up to 25 years for equipment & real estate. All other loan purposes would have a maximum term of 10 years.	Same as Regular 7(a) except that lines of credit must be repaid within 7 years.	10 years for equipment 20 years for real estate.
MAXIMUM INTEREST RATES	Base rate plus 2-1/4% for maturities under 7 years. Base rate plus 2-3/4% for maturities of 7 years or longer. Loans of less than \$50,000 may add an additional 1% and loans under \$25,000 may add an additional 2%.	Bank base rate plus 6.5% for loans of \$50,000 or less, Bank base rate plus 4.5% for larger loans	Based on current market rate for 5 and 10 year Treasury Bonds.
GUARANTY FEES	<b>In FY 2014 only, no SBA guaranty fee will be charged on Loans of \$150,000 or less (maturity must be over 12 months).</b> Loans over \$150,000 and not more than \$700,000, 3% of guaranteed portion. Loans over \$700,000, 3.5% of guaranteed portion. Add an additional 0.25% of the guaranteed portion in excess of \$1 million. Loans with term of 12 months or less, fee is 0.25% of guaranteed portion (additional fee after 1 year).		Up front fees of about 2.25% of the net debenture proceeds plus annual servicing and guaranty fees of generally less than 1.25% based on unpaid debenture balance. The first mortgage lender's loan may have additional fees associated with it.
SPECIAL FEATURES AND/OR REQUIREMENTS	Beginning 1/1/2014, use SBA Form 1919 and Forms 1920SX.	Credit decision delegated to lender. Lenders must be pre-approved by SBA. Use <a href="#">SBA 1920SX series of forms</a> & <a href="#">1919 Borrower Informationform</a> .	Must intend to create or retain one job for every \$65,000 of the debenture <u>or</u> meet one of 14 Community or Public Policy Goals.  A minimum down payment of 10% is required.

## KEY SBA BORROWER INFORMATION



**Guaranty Fees on loans exceeding 12 months in maturity.** The Lender pays the fee and may pass it on to the borrower after first disbursement. Fees are based on the amount of the loan guaranteed.

	<i>Based on SBA Guaranteed Portion</i>	<i>Based on Total Loan with Standard SBA Guarantee</i>	<i>Based on Total Loan with Express</i>
Loans of \$150,000 or less	<b>2.00%</b>	1.70%	1.00%
Loans between \$150,001 & \$700,000	<b>3.00%</b>	2.25%	1.50%
Loans greater than \$700,000	<b>3.50%</b>	2.625%	1.75%

Loans with a guaranteed portion in excess of \$1 million add an additional **.25%** guaranty fee on that portion.

The guaranty fee on a \$5,000,000 SBA loan is \$138,125.

**The Guaranty Fee on loans up to 12 months in maturity** is only .25% but the full fee must be paid if the loan is renewed.

### Interest Rate Limits

Term less than 7 yrs      Base Rate + 2.25%  
 Term of 7 yrs or more      Base Rate + 2.75%  
 The base rate may be the [WSJ Prime](#), [LIBOR+3%](#) or the [SBA Peg Rate](#).  
 Loans of \$25,000 or less may add an additional 2%  
 Loans of \$25,001 to \$50,000 may add an additional 1%

Lenders may also use a higher rate formula for fixed rate loans  
**SBAExpress limits are:**  
 Lender's base rate + 4.5% for loans over \$50,000  
 Lender's base rate + 6.5% for loans of \$50,000 or less

### Maximum Guaranty Percentages and Loan Limits

All loan programs other than SBAExpress and the Export Working Capital Line of Credit

\$150,000 or less.....**85%**

Greater than \$150,000.....**75%**

Maximum loan limits: 7(a) and 504 is **\$5 million**; Community Advantage is **\$250,000**; Export Express is **\$500,000**.

**SBAExpress** (\$350,000 maximum).....**50%**

Export Working Capital Program.....**90%**

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### Key Web Sites

**Small Business Administration Website**  
**SBA Richmond District Office Homepage**

Exporting	<a href="http://www.export.gov">http://www.export.gov</a>
Free Credit Reports	<a href="http://www.annualcreditreport.com">www.annualcreditreport.com</a> ( free credit report annually ) <a href="#">Free</a>
Online Training Classes	<a href="http://tinyurl.com/FreeSBATraining">http://tinyurl.com/FreeSBATraining</a>
NAICS Code Lookup (Census website)	<a href="http://www.census.gov/eos/www/naics/">http://www.census.gov/eos/www/naics/</a>
SBAExpress forms	<a href="http://tinyurl.com/ExpressForms">http://tinyurl.com/ExpressForms</a>
SBA Lenders in Virginia	<a href="http://tinyurl.com/LenderList">http://tinyurl.com/LenderList</a>
SBA Richmond District Office Resource Guide	<a href="http://www.smallbusiness3.com/pdf/english/virginia.pdf">http://www.smallbusiness3.com/pdf/english/virginia.pdf</a>
Small Business Planner	<a href="http://tinyurl.com/SmallBusinessPlanner">http://tinyurl.com/SmallBusinessPlanner</a>
Starting a Business in Virginia	<a href="http://www.virginia.gov/cmsportal3/business_4096/">http://www.virginia.gov/cmsportal3/business_4096/</a>
Virginia <i>SCORE: Counselors to Small Business</i>	<a href="http://www.score.org/">http://www.score.org/</a>
Virginia Small Business Development Centers	<a href="http://www.vasbdc.org/">http://www.vasbdc.org/</a>